

Sunway (SWB MK)

3Q25: Results In Line; Record-high Unbilled Property Sales

Highlights

- Results are in line. We expect a stronger 4Q25 from the completed MCL Holdings acquisition and a RM380m land sale proceeds from data centre land sale to Equalbase by end-25.
- Our target price implies a total return of >10%, with a 2.4-2.8% yield from Sunway Healthcare shares, targeted for listing in 1Q26.
- Maintain BUY and lift target price to RM6.10 from RM6.00 as we update the latest valuation for Sunway REIT.

3Q25 Results

Year to 31 Dec (RMm)	3Q25 (RMm)	3Q24 (RMm)	2Q25 (RMm)	qoq % chg	yoy % chg	9M25 (RMm)	yoy % chg
Revenue	2,565.2	2,561.6	2,029.0	0.1	26.4	7,493.9	49.0
Property Development	380.9	351.4	495.7	8.4	(23.2)	995.6	(13.8)
Construction	1,174.2	1,268.6	610.7	(7.4)	92.3	3,680.9	169.8
Property Investment	275.3	223.0	271.7	23.5	1.3	744.6	1.5
Pre-tax profit	476.4	396.0	462.7	20.3	3.0	1,176.5	14.2
Property Development	55.1	52.2	185.1	5.6	(70.2)	140.7	(52.2)
Construction	121.3	134.8	69.8	(10.0)	73.9	370.6	125.2
Property Investment	118.6	76.3	76.2	55.4	55.6	287.2	23.9
*Healthcare PAT (equity accounting)	51.4	35.5	63.0	44.5	(18.5)	118.7	(20.4)
PATAMI	338.1	273.0	376.1	23.9	(10.1)	801.6	(2.1)
Core net profit	283.2	231.7	350.2	22.3	(19.1)	720.4	(4.6)
Pre-tax Margins (%)	%	%	%	+ppt	+ppt	%	+ppt
Property Development	14.5	14.8	37.3	(0.4)	(22.9)	14.1	(11.3)
Construction	10.3	10.6	11.4	(0.3)	(1.1)	10.1	(2.0)
Property Investment	43.1	34.2	28.0	8.9	15.0	38.6	7.0

Source: Sunway Bhd, UOB Kay Hian

Analysis

- In line.** Sunway Berhad (Sunway) reported 3Q25 core net profit of RM283m (+22% qoq, -19% yoy) on revenue of RM2,565m (flat qoq, +26% yoy). This brings 9M25 core net profit to RM720m, accounting for 69%/64% of our/sensus full-year forecasts respectively. The results are in line with our expectations as we expect a stronger 4Q25 from the MCL Holdings acquisition and a data centre land sale recognition by end-25. We derived our 3Q25 core net profit after excluding RM55m of exceptional gains, mainly on crystallisation of unrealised gains from Sunway REIT and net gains on derivatives.
- Net gearing ratio was 0.35x as of end-Sep 25 (vs 0.39x as of end-Jun 25).**

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	6,136.2	7,882.5	9,788.9	10,331.1	11,469.4
EBITDA	808.0	1,031.4	1,352.6	1,568.4	1,787.5
Operating profit	666.6	887.3	1,152.7	1,328.0	1,503.7
Net profit (rep./act.)	789.2	1,154.2	1,043.3	1,254.7	1,354.1
Net profit (adj.)	750.6	1,005.8	1,043.3	1,254.7	1,354.1
EPS (sen)	12.6	15.1	15.7	18.8	20.3
PE (x)	42.3	35.4	34.2	28.4	26.3
P/B (x)	2.3	2.4	2.3	2.2	2.1
EV/EBITDA (x)	48.5	37.0	29.9	26.2	23.4
Dividend yield (%)	1.0	1.1	1.2	1.4	1.5
Net margin (%)	12.2	12.8	10.7	12.1	11.8
Net debt/(cash) to equity (%)	53.1	43.5	55.8	56.1	57.4
Interest cover (x)	11.4	164.3	10.0	9.9	15.1
ROE (%)	7.0	9.0	9.0	10.5	11.0
Consensus net profit	-	-	1,058.0	1,174.0	1,293.0
UOBKH/Consensus (x)	-	-	1.0	1.1	1.0

Source: Sunway Berhad, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM5.55
Target Price	RM6.10
Upside	9.9%
Previous TP	RM6.00

Analyst(s)

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Stock Data

GICS sector	Industrials
Bloomberg ticker:	SWB MK
Shares issued (m):	6,271.5
Market cap (RMm):	34,807.0
Market cap (US\$m):	8,413.2
3-mth avg daily t'over (US\$m):	11.7

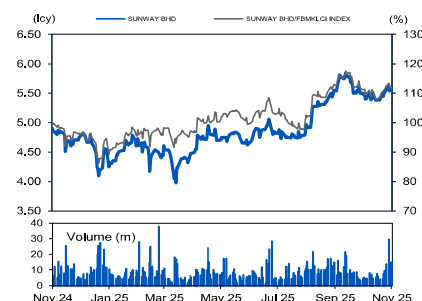
Price Performance (%)

52-week high/low					RM5.93/RM3.93
1mth	3mth	6mth	1yr	YTD	
0.9	15.6	18.1	10.6	15.9	

Major Shareholders

	%
Sungei Way Corp Sdn Bhd	45.6
Jef-San Enterprise Sdn Bhd	10.2
EPF	8.1
FY25 NAV/Share (RM)	1.25
FY25 Net Debt/Share (RM)	0.41

Price Chart



Source: Bloomberg

Company Description

A conglomerate in Malaysia with various diversified businesses in areas such as property development, property investment, leisure, hospitality, construction trading and manufacturing, quarry, building materials and healthcare.

- **Record-high unbilled sales as of end-3Q25.** 3Q25 revenue and pre-tax profit declined to RM381m (-23% yoy) and RM55m (-70% yoy), respectively, due to one-off profit of RM124m from the completion and delivery of an executive condominium project in Singapore. Stripping this off, the decline in pre-tax profit would narrow to 9% yoy. 3Q25 property sales came in at RM1.8b (+142% qoq). This brings 9M25 sales to RM3.1b (+68% yoy), accounting for 86% and ahead of its full-year target. Sunway's overall property segment remains solid, supported by record-high unbilled sales of RM5.2b since 2022 (vs 2Q25: RM3.7b).
- To recap, the MCL acquisition was completed on 31 Oct 25 and is expected to start contributing in 4Q25. Furthermore, we expect the Equalbase data centre land sale of RM380m to be completed and recognised by end-25, which could yield a net gain of RM114m on a 30% margin assumption. We remain positive on its long-term growth prospects on the development segment, underpinned by: a) record-high unbilled sales, b) strong sales and launch pipelines, and c) land conversion from private lease scheme (PLS) to freehold status in Medini to potentially lift its landbank value.
- **Healthcare: Strong metrics with higher bed capacity (+34% yoy) and inpatient admissions (+7% yoy).** However, the segment's 3Q25 net profit share declined 19% yoy to RM51m, weighed by the gestation period of two new hospitals. Excluding the impact, the segment grew 19% yoy, mainly from stronger operating results for SMC Sunway City, SMC Velocity, and SMC Penang. On a sequential basis, the segment's net profit share improved (+45% qoq) supported by a higher number of licensed beds at 1,662 (2Q25: 1,647) and an improved operating occupancy rate of 69% (2Q25: 65%). Notably, SMC Damansara achieved its maiden EBITDA breakeven in Aug 25.
- **Construction: Strong orderbook replenishment from data centre projects.** The construction segment's pre-tax profit surged to RM121m (+74% yoy) in 3Q25, driven by the accelerated progress in data centre projects. To date, it has secured RM3.9b in new orders, achieving 65% of its orderbook replenishment target of RM4.5b-6b.

Valuation/Recommendation

- **Maintain BUY with a higher target price of RM6.10 (from RM6.00)** as we incorporate the latest target price for Sunway REIT. Our target price is based on SOTP valuation and implies 32x 2026F PE and 30x 2027F PE (+2SD above its five-year mean of 15.6x) and 2.4x 2026F P/B (+2SD above its 10-year mean of 1.2x). We remain upbeat on Sunway for its upcoming healthcare listing in 1Q26, with an approximately 2.4-2.8% distribution yield via distribution-in-specie of Sunway Healthcare shares, based on its current share price. Overall, we like Sunway Bhd for its multifaceted strengths: a) long-term earnings visibility secured through sizeable landbank replenishment near transit-oriented developments and the recent acquisition of MCL Holdings in Singapore, b) multi-year earnings growth on record-high sales in 2024-25 and consistent orderbook replenishment, and c) growing medical tourism due to Visit Malaysia Year 2026.

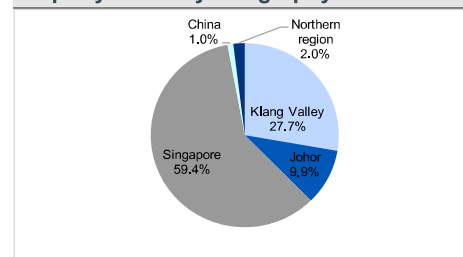
Earnings Revision/Risk

- No change to earnings.

Environmental, Social, Governance (ESG)

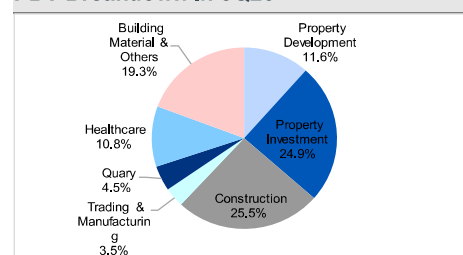
- Environmental - Installed photovoltaic solar panels at most of its properties.
- Social - Launched Sunway Cancer Support Fund.
- Governance - Good company transparency along with an anti-bribery and anti-corruption policy.

Property Sales By Geography In 9M25



Source: Sunway Berhad, UOB Kay Hian

PBT Breakdown In 3Q25



Source: Sunway Berhad, UOB Kay Hian

SOTP-Based Valuation

Segment	(RMm)	% of SOTP	Remarks
Property development	14,234	35%	5% discount to property RNAV
REIT (40.9% stake)	3,236	8%	Valuation based on TP of RM2.31, based on DDM
Construction (54.4% stake)	4,516	11%	Valuation based on TP of RM6.27, 21x 2026F PE
Quarry & building materials	462	1%	15x PE 2026F quarry profits
Trading	1,092	3%	15x PE 2026F trading profits
Investment Properties	3,390	8%	Market Value
Healthcare (84% stake)	13,800	34%	25x EV/EBITDA 2026F; 2026F EBITDA RM657m
Less: Holding co (debt)/cash	-292	-1%	
Total SOTP value	40,437		
Enlarged share base (m)	6,660		
Target Price (RM)	6.1		

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	7,882.5	9,788.9	10,331.1	11,469.4
EBITDA	1,031.4	1,352.6	1,568.4	1,787.5
Deprec. & amort.	144.1	199.9	240.4	283.8
EBIT	887.3	1,152.7	1,328.0	1,503.7
Associate contributions	643.1	431.7	510.6	448.1
Net interest income/(expense)	(6.3)	(135.4)	(158.9)	(118.7)
Pre-tax profit	1,524.1	1,449.0	1,679.6	1,833.1
Tax	(241.8)	(289.8)	(285.5)	(311.6)
Minorities	(128.0)	(115.9)	(139.4)	(167.4)
Net profit	1,154.2	1,043.3	1,254.7	1,354.1
Net profit (adj.)	1,005.8	1,043.3	1,254.7	1,354.1

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	6,370.1	7,376.1	7,913.2	8,481.5
Other LT assets	10,349.6	10,781.3	11,291.9	11,740.0
Cash/ST investment	4,355.7	4,561.9	4,090.8	3,409.4
Other current assets	10,435.0	11,767.0	12,277.8	13,350.2
Total assets	31,510.4	34,486.4	35,573.7	36,981.1
ST debt	5,971.8	5,971.8	5,971.8	5,971.8
Other current liabilities	3,944.7	3,778.8	3,973.9	4,401.4
LT debt	4,905.4	7,305.4	7,305.4	7,305.4
Other LT liabilities	750.8	750.8	750.8	750.8
Shareholders' equity	14,990.4	15,616.4	16,369.2	17,181.6
Minority interest	947.2	1,063.2	1,202.6	1,369.9
Total liabilities & equity	31,510.4	34,486.4	35,573.7	36,981.1

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	1,574.1	(899.1)	967.2	831.0
Pre-tax profit	1,524.1	1,449.0	1,679.6	1,833.1
Tax	(241.8)	(289.8)	(285.5)	(311.6)
Deprec. & amort.	144.1	199.9	240.4	283.8
Associates	(643.1)	(431.7)	(510.6)	(448.1)
Working capital changes	330.7	(1,961.9)	(315.7)	(644.8)
Non-cash items	460.2	135.4	158.9	118.7
Investing	(26.3)	(742.0)	(777.5)	(852.2)
Capex (growth)	(427.7)	(642.0)	(677.5)	(752.2)
Investments	0.3	(100.0)	(100.0)	(100.0)
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	401.1	0.0	0.0	0.0
Financing	572.5	1,847.3	(660.8)	(660.3)
Dividend payments	(297.5)	(417.3)	(501.9)	(541.6)
Issue of shares	217.4	0.0	0.0	0.0
Proceeds from borrowings	1,340.2	2,400.0	0.0	0.0
Others/interest paid	(687.5)	(135.4)	(158.9)	(118.7)
Net cash inflow (outflow)	2,120.4	206.2	(471.1)	(681.5)
Beginning cash & cash equivalent	2,235.3	4,355.7	4,561.9	4,090.8
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	4,355.7	4,561.9	4,090.8	3,409.4

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	13.1	13.8	15.2	15.6
Pre-tax margin	19.3	14.8	16.3	16.0
Net margin	12.8	10.7	12.1	11.8
ROA	4.0	3.9	4.6	4.9
ROE	9.0	9.0	10.5	11.0
Growth				
Turnover	28.5	24.2	5.5	11.0
EBITDA	27.6	31.1	16.0	14.0
Pre-tax profit	53.4	(4.9)	15.9	9.1
Net profit	46.3	(9.6)	20.3	7.9
Net profit (adj.)	34.0	3.7	20.3	7.9
EPS	19.5	3.7	20.3	7.9
Leverage				
Debt to total capital	68.2	79.6	75.6	71.6
Debt to equity	72.6	85.0	81.1	77.3
Net debt/(cash) to equity	43.5	55.8	56.1	57.4
Interest cover (x)	164.3	10.0	9.9	15.1

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